

**MINUTES  
OF THE WORK SESSION OF THE  
EDINA CITY COUNCIL  
HELD AT CITY HALL  
SEPTEMBER 6, 2011  
5:07 P.M.**

Mayor Hovland called the meeting to order at 5:07 p.m. in the Community Room of City Hall. Answering rollcall were Members Bennett, Brindle, Sprague, Swenson and Mayor Hovland.

Staff attending the meeting included: Jennifer Bennerotte, Communications & Marketing Director; Wayne Houle, Director of Public Works/City Engineer; Steve Kirchman, Building Official; Karen Kurt, Assistant City Manager; Jeff Long, Police Chief; Debra Mangen, City Clerk; Ed MacHolda, Assistant Park and Recreation Director; Scott Neal, City Manager; Eric Roggeman, Assistant Finance Director; Lisa Schaefer, Human Resources Director; Marty Scheerer, Fire Chief; Matt Sisterman, IT Director; Ceil Smith, Assistant to the City Manager; Jesse Struve, Utility Engineer; Cary Teague, Planning Director; John Wallin, Finance Director; and Bob Wilson, City Assessor.

Mayor Hovland stated the purpose of the meeting was to continue their review of the 2012-2013 Budgets begun at the last work session. Manager Neal stated staff would like the City Council, after receiving the information regarding the proposed 2012-2013 General Fund and Utility Fund Budget and Capital Improvement Program and discussing it, to endorse the proposed Utility budget and direct staff to begin the rate study and to endorse the proposed General Fund operating budget.

Mr. Neal along with Engineer Houle, Finance Director Wallin and Assistant Finance Director Roggeman reviewed the proposed 2012 – 2013 Utility Fund operating budget and proposed 2012 – 2016 Utility Fund Capital Improvement Plan (CIP). The Council asked questions of staff regarding the budget and CIP. Their questions included: potential lead removal at the Braemar Work Site, new water treatment facility, pond dredging, facility manager, could any equipment purchases be delayed, and potential utility technology updates. Staff responded to the questions. The Council will have another opportunity to review the CIP later in the fall. The Council directed staff to complete the rate study and gave their endorsement of the proposed budget as presented.

Mr. Neal moved into an explanation of his recommendation for the 2012 – 2013 General Fund Operating budgets. In 2012 the General Fund total tax levy would increase 1.8%, and in 2013 the total tax levy would increase 2.5%. He said his scenario's goals were to: stabilize operations with a focus on performance, to keep compensation near market levels, to stabilize employee headcount and to maximize the use of available unreserved fund balances. Mr. Neal said there was an unreserved fund balance of near 2.4 million dollars that he would propose to utilize in the following ways to achieve the proposed total tax levies and achieve his stated goals: use approximately \$1.5 million dollars to buy down the 2012 debt service by \$378,530, pre-pay City special assessments of \$155,000 and to pre-pay callable long term bonds in the amount of \$950,000. By doing so, the City would realize a potential savings of approximately \$500,000.00 and the 2012-2013 tax levies would remain within the stated goals. The Council and staff reviewed the budget scenario.

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The Council reviewed the estimated property tax impact of the proposed budgets on both residential and commercial/industrial properties. They discussed the changes in statutes that removed the Market Value Homestead Credit that was replaced with the Market Value Homestead Exclusion. The Council will review the enterprise and Park CIP budget and Human Services funding plan at their October 4 Work Session, and they will review the final CIP and draft utility rate study at their October 18 Work Session. On November 1<sup>st</sup>, they will review the final levy and budget, adopt the final CIP and adopt the final rate study. On December 6<sup>th</sup>, the Council will hold a public hearing for the final levy and budget and review the 2012 fees and utility charges ordinance for the first reading. Finally, on December 20<sup>th</sup>, the final levy and 2012 fees and utility charges will be adopted.

Following discussion, the Council had the opportunity to ask questions of staff on specific items and gave direction to staff to proceed with preparation of the 2012-2013 General Fund Operating Budgets as presented.

Mayor Hovland adjourned the meeting at 6:55 p.m.

Respectfully submitted,

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Debra A. Mangen, City Clerk

Minutes approved by Edina City Council, September 20, 2011

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James B. Hovland, Mayor